

# State of the sector 2020

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## How charities have reacted to Covid-19

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## **About State of the Sector and this paper**

NPC's State of the Sector initiative began in 2017. We set out to understand the charity sector and explore how it understands itself. Our research has charted change over time through quantitative and qualitative methods, along with essays and viewpoints from sector leaders.

This is the initiative's final output for 2020, a year when the world was turned upside down, making it more vital than ever that we understand the challenges charities face and how they plan to address them. By understanding how charities have reacted to the crisis, we can think critically about what this might mean for their future, and most importantly for their beneficiaries.

In this paper, we illustrate how the social needs served by an already overstretched sector have increased and intensified, with coronavirus creating new needs and making the work of charities more difficult. We were told that it's getting tougher to secure funding, and heard how rapid change makes it hard for charities to deliver on existing funding requirements. At a time when charities are never more needed, important activities are being stripped back to meet emergency demand and some user involvement best practice is falling away.

We track how charities have responded, whether by broadening the range of activities they do, attempting to maintain the same activities, or by cutting back to a narrower range of activities. We make recommendations for each, as well as for funders and policymakers.

# Executive Summary

This report uses interviews, focus groups and an online survey of the sector to paint a detailed picture of how Covid-19 is changing charities and what this means for the future. It aims to be useful to charities, helping them see their own work in context and offering practical recommendations, but also of use to funders, philanthropists and policymakers with an interest in the health and future of the charity sector.

We found that Covid-19 is changing the sector, but in divergent ways. The challenges are numerous, varied, and experienced very differently by different charities. Of course, funding is generally regarded by charities as lacking, but charities also told us that they felt a lack of recognition for their work in wider society was the main thing holding them back.

And charities have all responded differently to these challenges. Some charities have been broadening their activities to meet new needs or to reflect existing needs becoming deeper and more complex. Others have focused on maintaining the same activities they offered before, but often they have had to offer these via new mediums, such as digitally. Finally, many charities have been prompted by the crisis to refocus on their core offering and have reduced their range of activities.

We have taken these three broad reactions and analysed their potential for impact, effect on staff, and financial sustainability. No one charity will fit exactly into a category, but we hope they will see themselves in elements of these archetypes and find our analysis useful.

**The key factor to draw attention to is that very few charities we spoke to had the capacity to think about the impact of these shifts on their beneficiaries or themselves. This is understandable, but if charities are to get the recognition they deserve for their role in the crisis, they will need evidence to point at. So, we have suggested proportional and sensible ways to build these activities into their work, sensitive to the capacity constraints charities told us about. We also argue funders should offer flexible funding which empowers charities to do this work.**

**Finally, central and local government should take a holistic view of the impact made by charities in the crisis. This includes looking at evidence of impact from across the sector and not overlooking charities who may at first not seem 'coronavirus-relevant'.**

# The impact of Covid-19 on charities

## Pre-crisis needs have increased and intensified

The most pressing Covid-19 impact for charities is growing beneficiary needs. Most of our interviewees and nine in ten of our survey respondents reported increased need since the pandemic hit. This is driven by a range of factors, such as traditional support channels being cut off, statutory services shutting, and mental health issues spiralling.

*'We've increasingly carried the burden of statutory services ... we were facing these issues before the pandemic but we've now got a greater influx of more complex issues than ever before.'*

**Ingrid Tennessee, CEO, QVT**

## Coronavirus itself is creating new needs

The pandemic has created a range of new needs related to, but separate from the need that came before it. For example, social housing providers must now provide food and entertainment for residents who cannot get out. Furthermore, evidence shows that some people who previously never needed charities are now relying on their services for the first time because of the pandemic.<sup>1</sup>

*'I think that the pandemic has meant you naturally take on a broader challenge that you are not necessarily set up to do. As an example, Barnardo's does not naturally deliver food parcels or tech to children, but we have done a huge amount of these the last couple of months. Not because we received funding to do it but instead families told us that was what they needed.'*

**Debbie Moss, Chief of Staff, Barnardo's**

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<sup>1</sup> <https://www.thinknpc.org/resource-hub/our-analysis-of-covid-19-data-from-turn2us/>

## Covid-19 makes delivering services more difficult

Lockdowns and social distancing regulations have made life harder for all charities since they began in March. As we write this, a second lockdown is compounding many of the issues described above. Charities who deliver in-person services and meet people's essential needs told us they were finding it difficult to continue, at least in a covid-compliant way. Other charities said they couldn't even get to their beneficiaries, as their delivery model was reliant on institutions which have shut or imposed restrictions, such as [schools](#), libraries or prisons. At NPC, we [documented the issues charities were facing getting into prisons last year](#), but the pandemic has made face-to-face access close to impossible.

Since March, nearly all charities have had to adapt their delivery model. For most, this has meant moving some aspects of their work online and working remotely to comply with social distancing regulations. Some charities, services and communities are better suited to a remote delivery model than others. Many charities have adapted admirably, but interviewees told us that digital is not a replacement for face-to-face delivery and that it has its own drawbacks: not least that many of the people that charities work with are digitally excluded in some way.

## Some needs have temporarily eased

In some cases, lockdowns and social distancing regulations have led to a brief respite in need (though not necessarily a respite in running costs for charities). Charities find this difficult to talk about, but as a hypothetical example, a charity who delivered health services at football matches will have seen that need, in that context, reduce dramatically due to the collapse of the live events industry. This is different from where the need remains but simply can no longer be reached, for example where an institution has closed its doors, as in prisons. It has left charities unsure of how to react, given that this ease in demand will only be temporary.

## It's getting tougher to secure funding

For charities to meet the growing needs discussed above, they must have the resources to do so. The response by many independent funders at the start of the pandemic, to stand by their grantees, has been rightly celebrated in the sector. Many funders quickly made emergency pots of

funding available, reallocated funds to the crisis response, or added flexibility to previously made grants to allow grantees the agility to meet the needs of the moment.

But as the crisis drags on, the needs remain very great indeed. Even if there was decisive positive action from all funders, some charities would still miss out. Some charities say that their cause, which may even be experiencing increased demand, is not seen as an important part of the crisis response, and so they are being passed over for the funding they need. Compounding the issue is the effect of the crisis on public donations. Whilst some charities have seen donations rise, in a 'crisis boost', the preponderance of evidence suggests that public donations have fallen for most.

There was also concern from the charities we spoke to about what emergency spending will mean for funding in the future, as they fear that today's generosity is being borrowed from tomorrow's.

Meanwhile, with some funders prioritising their commitments to existing grantees, many charities are struggling to find new pots of funding to support their work coming out of the crisis. Where they do, many charities have complained of requirements that they feel are not priorities in the midst of a crisis, such as working on new innovations, feeling they should be funded to get on with the work they have been delivering in these trying circumstances.

## Rapid change makes it hard to deliver on funding requirements

*'People have had to transform their services to deliver something different, it's what we are so good at as a sector, being able to be agile when people need us ... but what does that mean in the long term of being able to report on your core funding outcomes to your funders.'*

**Kim Shutler, CEO, The Cellar Trust**

Most charities who shift their delivery to respond to new and pressing needs around them are responding in a way that any mission-based organisation should. This agility is one of the great strengths of the charity sector, yet it has implications for the existing work a charity has been funded to carry out and report on. Some funders have shown flexibility by relaxing processes or offering unrestricted grants to allow charities to respond to needs as they see them, but others haven't.

We have heard reports of funders who are not being flexible, who are requesting time-consuming reports from grantees or who are making funding conditional on 'innovative' approaches to tackling a problem which already has an effective, pre-established response. We have heard of other funders specifying that emergency funding must be spent within a particular timescale which does

little to strengthen the overall position of the charity or the sector, nor does it acknowledge the ongoing nature of the crisis.

## Staff are overstretched

Growing needs, changing working practices, furlough, redundancies, and stretched funding are taking their toll on well-being among some charities' staff. Respondents spoke of the emotional impact that changing working practices have had on their staff, who are trying to balance a range of personal and professional pressures, while trying to deliver on a charitable mission that they often feel a deep attachment to.

*'It has had a destabilising impact on the organisation, in particular on staff mental health and well-being. It has also led to the loss of significant income, which has added pressure on everyone at an already stressful time.'*

Survey respondent

## Important activities are being stripped back to meet emergency demand

Charities facing competing demands on staff-time must inevitably prioritise and sacrifice part of their work in an attempt to triage in an emergency. Although many charities have been collaborating well during the pandemic, many have not had the space to do the time-consuming work of building partnerships more widely and influencing stakeholders, at a moment when partnerships with peers and building channels to influence policy have never been more important.

Charities spoke of feeling conflicted by their duty to represent their communities' voice in emergency decisions being made by local government, alongside their limited capacity to spare staff to attend regular meetings or push policy asks.

*'Beneficiary needs have been huge during this time, which has significantly increased the need to influence government and other agencies at a time when we have very little resource for influencing and policy work.'*

Survey respondent

Even for those charities which do continue to do this work, there is a cost to doing so. In the wake of the murder of George Floyd in the USA, there was rightly a renewed attempt to share power and include diverse voices across the sector. However, one BAME-led organisation we spoke to talked about the burden they feel in having to act.

*'A lot of leaders are feeling overstretched. There's a real gap in Black and minority ethnic involvement at system level, so if you happen to be from a Black and minority ethnic group then there's that additional pressure because people want to see you in different forums as representatives at every meeting, network or webinar they attend.'*

**Focus group respondent**

## **User involvement best practice is falling away**

Finally, with face-to-face delivery being substituted for remote delivery, some charities have struggled to engage with their beneficiaries in the empowering way that they would have in the past. Some charities have slipped from operating in an asset-based way to pursuing more deficit-based approaches, as some funder requirements have shifted in this direction and the crisis means they lack capacity to work in the way they consider best practice. There is concern that the voices of beneficiaries are not shaping charities' work as they would have done in the past and a 'command and control' model may outlast the crisis.

Our previous [State of the Sector survey](#) showed that although over nine in ten charities said user voice was important, few saw it as key to achieving their mission. There is a danger that power sharing with beneficiaries is seen as a 'nice to have' which falls away in a time of crisis.

*'Some in the sector have fallen back on a Victorian philanthropy model of handouts, because that's what our default is in responding to immediate needs. Trying to keep an asset-based approach at the centre of our work is difficult.'*

**Rashid Iqbal, CEO, The Winch**

## How are charities responding?

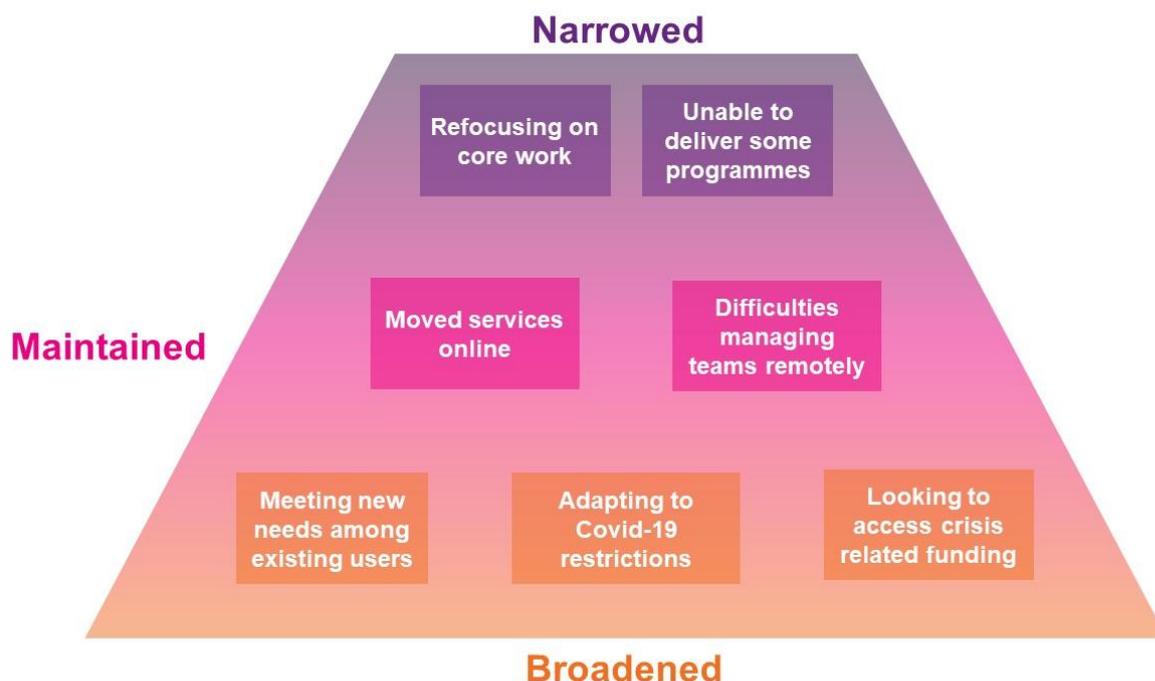
In the previous section we described the challenges charities told us they faced due to Covid-19. In this section we describe and analyse the various ways in which they have responded.

Every charity is different and their reactions to the crisis are unique. Responses reflect a charity's cause, size, and geography, but they all share common 'push' and 'pull' factors, such as demand for services and funding requirements. Their responses to these factors often have elements in common themselves, elements that might be difficult to see from inside any one organisation.

We have used what charities told us about their actions since the crisis began (from interviews, focus groups and our survey) to highlight three broad streams of possible response to the pandemic. Generally, charities either:

1. Broadened the range of activities they do.
2. Offered the same activities.
3. Delivered a narrower range of activities.

Figure 2: Charities' changing activities with example motivations and consequences.



It is important to stress that in many cases, charities have not ‘chosen’ these responses but had them thrust upon them. We heard again and again from charities who were forced to make difficult choices between a range of responses, none of which they regard as ‘good’.

We describe the broad features of these responses below, with a specific focus on the ‘push’ and ‘pull’ factors around impact and mission, staff and operations, and financial sustainability. For each response we assess:



**Potential for impact and mission**



**Staff and operations**



**Financial sustainability**

We recognise these features are not mutually exclusive and that charities may see aspects of themselves in all of them. Our goal is to be constructive and explore the risks and trade-offs in these archetypes, to help charities consider their own work and understand the wider context.

## 1. Charities which broadened the range of activities they do

Three in ten of the charities we surveyed reported ‘broadening’ their activities. Some charities we spoke to described how they had started doing new kinds of work, such as:

- Building on the work they delivered before and through the crisis.
- New work in a related area.
- New work in an entirely new area.

In many cases, the starting point was the beneficiaries the charities were working with, whose needs changed and they now needed support in more areas than they would have pre-pandemic.

Many of the charities we spoke to which this applied to were already providing for people’s essential basic needs but, for example, where people had previously just needed support with housing they now needed support with both housing and food due to the lockdown.

Many of these charities have seen both a rise in need in their ‘core’ work, but also more complex needs and new beneficiaries. Some charities found the way they were working before the crisis was now no longer possible, and so looked to provide new services to continue to achieve their

mission. Often this was a consequence of lockdown, so it affected charities whose services had to be delivered face-to-face or via institutions that were either closed (such as schools or libraries) or in the NHS, where even when there is no lockdown certain activities have been curtailed.

Many charities which have broadened their work have also managed to develop new partnerships to help deliver this wider range of activities. Some charities entering into new territory already had apparent partners available to them or were looking for partners in the sector to help them. These have been partnerships both with other charities and also with local government, responding to an emergency collectively by offering to input on their area of expertise and thus developing a better response. As well as local, place-based partnerships, we have also heard from national charities which have involved dozens of smaller partners to deliver large emergency response contracts, which previously may have been centralised to one large charity.

*‘The thing we’ve seen a lot more of over the last six months is collaboration between third sector and statutory services. There used to be more worries about competition but those have really dissipated and there has been a lot of proactive work on that.’*

Interviewee

## **Potential for impact and mission**

Coronavirus has created novel challenges for everyone, so it’s no surprise that charities did new things to meet new needs. This should be lauded. But there is a risk for some organisations that new services draw them away from their ‘core’ mission, if not correctly thought out. They should also recognise that they may not have the experience, expertise or people to deliver effectively in this area and mitigate against this.

This is not a judgement on charities’ ability to deliver new services in new ways. The calculation must also include the need, the ability of the charity, and whether it is likely anyone else will step in to provide support more effectively. It would be perverse if charities could not adapt to fill gaps and meet new needs, but many of the charities we spoke to were conscious that it must always be considered carefully.

*‘We transformed our services, but it wasn’t a mission drift, instead we were thinking about what the needs are and how to meet them. Redeploying services and changing models. It was a significant redesign but within our core purposes.’*

Focus group attendee

One silver lining to come out of the crisis has been the increase in partnership working. This is a positive sign, and organisations should look at what they've learnt from this process, and what has made these partnerships effective to try and continue to sustain them once the crisis subsides. On top of this, it is important to track and publicise the impact of these partnerships, to justify the extra effort it will take to embed them in future work. This will also help to bring home to statutory partners the value of this approach, and force them to recognise charities' role.

## **Staff and operations**

While broadening services can be done in a positive way, the experiences of the charities we spoke to highlight two specific risks:

1. When new services are added and existing services still need to be delivered, there is a danger that staff will be overrun. Charities can mitigate against this if they are able to increase capacity, but the reality for many is the opposite; staff have either been furloughed or made redundant. Where there are funds, we heard it was sometimes hard to recruit due to people being cautious about moving jobs in a challenging economy.
2. The second risk is that staff may be asked to work outside of their comfort zone or area of expertise. For many charity employees this goes with the territory, but it remains a risk to be managed. Some charities we spoke to had hired in external experts to help staff adapt to their new roles, but of course this comes with a cost.

Both risks are compounded by the difficulty charities have expressed to us in managing the welfare of their teams remotely.

*'... we don't have the staff to keep on doing more and more. We're diverting our efforts away from our core business but actually with fewer staff and doing different things which are costing us more in terms of money and time and emotional reserves.'*

**Focus group attendee**

## **Financial sustainability**

Based on our conversations with charities, the financial sustainability of broadening services seems to depend on whether they are doing so because of need and mission alone, or if they were influenced by the availability of funding.

Some charities have been delivering new services because they have simply had no choice but to. They are reacting to the crisis without a plan for how to resource this in the medium or long term.

As with staffing, delivering across new areas alongside 'core' work, without additional resources, places charities under serious strain.

*'We've been helping the council to house homeless people during the pandemic, but we don't get the full benefits to give them the support necessary to get them the help they need. The challenges really were not having enough staff to deliver all this activity to the same standard.'*

**Interviewee**

Some charities told us of their success in getting their new, crisis related services they offer funded, whilst others complain bitterly that they cannot get funded anymore as they are not seen as 'coronavirus-relevant'. The risk of offering a broader range of services is of course lessened by the availability of funding, especially if funding can easily be translated into capacity. That said, we have been told the crisis makes this more difficult than in normal times.

*'There's an awful lot of money coming through for covid-related activity and at the beginning that was great because we know we needed to respond to very pressing urgent needs in our communities.'*

**Focus group attendee**

Against this more positive backdrop, charities should still be considering whether the services they have now been funded to offer during the crisis will be sustained in the long term, and how reliant on that funding they risk becoming.

*'Since March we have taken on a new service for people with far more complex, covid-related needs. We have been fortunate to secure government emergency response funding to support that service ... The challenge that we and all charities face is having funding available to make our work more impactful in the long term.'*

**Interviewee**

### **Broadening for benefits**

A controversial subject that came up in interviews is the extent to which charities may be doing new activities primarily because they were able to get funding for them, as opposed to because it is central to their mission. What is fundable is of course always a factor in the work charities do. Charities in our focus group rejected in the strongest terms the idea that 'mission creep' led by funding might be happening. Many have rethought the way they work but kept this totally in line with their mission. Some have even been enabled, by unexpected windfalls from crisis funding, to explore new avenues they had always wanted to. However, we have also spoken to charities who have moved quite a long way from their original mission, and they have been clear that it was Covid-19 related funding which prompted the shift. For others, they have moved into new areas because there is actually less need for their usual services, leaving them financial room to adapt to the new needs which are emerging.

We have spoken to a small number of charities, in reasonable depth, to get these results so we make no comment on how common this experience might be. Clearly though, while funding for new services is a positive from a financial sustainability standpoint, charities must clearly think through the impact they are trying to have and ask if any given funding opportunity is the right one.

## **2. Charities which offered the same activities**

Faced with the emergency of rising needs and the challenges of social distancing, some charities, two in ten of those we surveyed, have focused on trying to deliver their 'normal' services as far as they can amidst lockdown, social distancing and increased demand.

Being in this group does not mean charities have not been challenged by more complex needs, nor that they have not had to do things differently. Many services have switched to an online or telephone version. While the sector's switch to digital has rightly been lauded, charities told us of their worry that services are not of the same quality when delivered remotely.

In some cases, the service could not be delivered in a socially distanced manner but had to be delivered anyway, which is of course asking a great deal from charity staff who must put their own health on the line.

## Potential for impact and mission

Based on the assumption that charities had a plan to deliver impact pre-crisis, that still fundamentally holds up now, carrying on as before as much as possible should have limited consequences. However, this is less likely for charities who have been bounced into triaging their services, rather than making a deliberate choice to focus on certain ones.

While the signs of charities shifting to remote provision have been very positive, it is not clear how their impact compares to the service as delivered before. This is particularly likely to be an issue in sensitive or challenging contexts, such as abuse or addiction. We must remember though that even an imperfectly adapted service is likely to be better than no service at all.

A separate but similar concern voiced by charities was digital exclusion. Charities are working hard to mitigate the problem, but there is currently no clear evidence on the scale of exclusion across the different sectors charities work in.

*'Try running a Zoom call with single parents living in hostel accommodation, where there is no childcare or good WIFI ... We should know by now that digital is not a values free space.'*

Rashid Iqbal, CEO, The Winch

## Staff and operations

Even where charities have not increased the range of activities they carry out, their workload has still increased given the need the crisis has created.

Many charities reported working in different ways just to keep delivering pre-crisis activities. One specific, laudable example is the increase in collaboration between charities and local authorities. Charities told us this was positive but put a strain on staff time, especially in leadership roles.

The shift to digital and remote delivery can also put a strain on staff. Many reflected on how it is more difficult to keep track of well-being in a remote workplace, as individuals are more isolated. Charities told us they were worried about this issue, but we heard little about potential solutions (see our recommendations on page 18).

Charity staff are particularly concerned that some activities cannot be done in a socially distanced fashion. Charities can either stop doing them (see next section), or if they can't they require staff to keep working regardless. This potentially poses legal risks to the charity but far more importantly it presents health risks to staff and beneficiaries.

## Financial sustainability

Charities have faced a range of financial issues through the crisis, as they strive to keep serving their beneficiaries. This is well documented in research and often experienced differently depending on whether a charity relies on the public, independent funders or government contracts for the bulk of its income.

In this research, some charities complained that funding has been directed towards crisis specific work, and that their services have been overlooked. We have heard this criticism directed at funders, but we have also heard of funding drives aimed at the public which were unsuccessful. Other charities have criticised funders for asking for innovation, when they believe they should be funded to deliver as they have been, in trying circumstances.

## 3. Charities which have delivered a narrower range of activities

For four in ten of those we surveyed, the crisis has meant that they have 'narrowed and refocused' on their 'core' activities. Charities responding to this option in the survey are likely focusing on those activities they feel will be best suited to the moment. They have been pulled towards this approach in an effort to boost their impact or get back to their 'core' mission.

*'[The main effect of the crisis has been] the need to double down on the top one / two things we can really make a difference on.'*

Survey respondent

Unfortunately, we have also heard from charities who are delivering a narrower range of activities simply because limited resources and increased demand mean that they are having to triage the services they offer, or the current situation makes some of their work impossible.

This is worse for charities whose work involves institutions which have been closed or are under restrictions. For example, charities who operate in schools or prisons have not been able to deliver aspects of their service. Interviewees whose work is on pause told us about their concern of 'hidden needs,' which will overwhelm them when they are able to reach their service users again. Charities which work in prisons speak about the latent mental health crisis for people who have been locked up for over 23 hours a day since March<sup>2</sup>.

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<sup>2</sup> Prisoners locked up for 23 hours due to Covid rules is 'dangerous' (2020) BBC News. Available online here: <https://www.bbc.co.uk/news/uk-54607813>.

## **Potential for impact and mission**

A decision to refocus on certain activities, when it is motivated by a desire to deliver those activities better, has great potential to help charities increase impact. But it should not be presented as an easy decision. Lockdown, social distancing regulations, or financial pressures can all lead to charities having to withdraw from certain communities which require support or to focussing on the people they already have relationships with. This decision will always present difficult dilemmas.

## **Staff and operations**

We have a limited amount of information about the impact on staff of charities narrowing their activities, either to refocus or due to circumstance. A narrower range of activities may mean some staff are no longer needed. While some charities told us they were furloughing staff or making redundancies, they did not generally draw a connection between this and delivering less activities (or the same activities at a smaller scale). Indeed, some of the charities who used the furlough scheme extensively went on to describe a wide range of activities they are still delivering. Perhaps this reflects higher workloads for the remaining staff, which is in itself a cause for concern.

## **Financial sustainability**

Refocusing on 'core' services can have a mixed impact on charities' finances and sustainability. Communicating the value of doing less activities, even if they are delivered more effectively, to donors and funders can be challenging.

For those who cannot deliver their services, this has mixed knock-on effects on their sustainability. Some charities we spoke to reported a positive experience, due to lower expenditure and regular donor support they found themselves with larger surpluses than ever before. Others were less lucky. Funders may no longer fund a reduced service. Meanwhile, for charities operating on payment by results contracts, pausing work may impact on those results, and hence those payments. Some charities have though reported positive discussions with commissioners on this issue.

*'Read for Good's work is largely in schools and hospitals, which were effectively closed to us from March, when we were only halfway through the delivery of our programmes ... we had to pivot quickly to adjust our plans and find alternative ways to meet the needs—but our ability to deliver services where they were needed was definitely compromised between March and July.'*

**Justine Daniels, CEO, Read for Good**

## Recommendations for charities

The Covid-19 crisis has not been easy for the charity sector. Earlier in this paper, we presented the range of different ways charities have reacted, but all these decisions require trade-offs. There are no perfect options at a time like this.

While we are all hopeful of a coronavirus vaccine, we need to accept that the crisis and our responses to it are here to stay, at least in the medium term. Restrictions may become stricter and lockdowns are likely to continue for some time. Many economists have predicted a recession, meaning further demands on charities' resources may occur in 2021.

It may be difficult, but charities and funders need to be thinking about the longer term implications of the shifts they are undertaking at the moment. No matter what kind of response a charity has made, evidencing the impact of that decision will be vital for getting the sector the recognition and the support it needs. [NPC's Rethink Rebuild programme](#) will be producing a range of resources, events and tools to tackle these questions alongside others in the sector as we move on from the crisis.

We understand that many charities may not feel like they have the time or resources to do this now, but failing to do so is likely to make them less effective for the people and causes they are trying to help. If left unanalysed, decisions made over the last nine months, however sensible and well intentioned, could be storing up trouble for the future.

So, below are some practical, capacity sensitive, suggestions for things to do and think about, to help charities manage the challenges, however they have responded.

# 1. Recommendations for charities which broadened the range of activities they do

## Actions to promote impact and mission

- **Update your theory of change and strategy:** Your new activities should be reflected in your [theory of change](#) and [impact management](#). Especially if you have been forced to broaden by circumstance, a theory of change can help you to understand how what you are doing contributes to your mission and whether you should pursue it long term.

Don't be intimidated by these serious sounding terms or feel you have to totally review or create these documents. Assess your team's capacity and think of ways you can build it into your work in small ways, such as adding an agenda item to discuss your mission at leadership meetings, or designate a staff member to ask difficult questions about how a decision best delivers for your beneficiaries.

At trustee meetings, devote plenty of time to discuss strategy and how the charity will achieve its mission in the current context. It is easy for trustees to focus on short term crisis response and to lose sight of the bigger picture.

- **Measure what you have done, and use it:** We have heard a range of ways that charities have supported people in this crisis, being agile in a crisis and providing vital support. If this contribution is to be valued by powerholders, charities need to do their part in tracking it and shouting about it.

Keep a note of the work you've done during Covid-19 and its impact, even if the additional action you took seemed obvious or small. If you can tell a story about what you have done, if you can quantify it even better, then tie an ask for support into it, this story may be key to improving services and securing recognition in the future.

- **Consider the opportunity cost of changes to activities:** Every reallocation of resources comes with a cost. You should ask what effect changes you have made will have on the people or things that normally depend on your work. Hopefully they will be positive, but some negative impact may be unavoidable, so consider what you can do to mitigate this. There is also the question of whether there are other charities better suited to do the activity you have moved into or are considering moving into. What partnerships and collaborations can you explore?

- **Track what the impact of partnership working has been, and what you've learnt:** An increase in collaborative working has been one positive sign from the pandemic. In order to sustain these collaborations, we would recommend that charities take the time to think about what made these effective, and what the effect of this work has been. If this can be measured, then measure it, but this may just be about writing a case study to record the key events and the approach taken. We would recommend looking at [NPC's work on systems change approaches](#) for more information on how to go about this.
- **Ensure your long-term goals are being met:** It is understandable and may be wise to shore up short-term funding losses by carrying out some new activities. However, it is important to balance this necessity against your need to deliver on your core goals and outcomes. Ensure you continue to track these in the same way and closely monitor any drift, to ensure that this shift is a calculated decision, taken at board level, which can be mitigated against—rather than a failure to deliver on your mission. Many in the sector have found tools like the [RSA's Future Change Framework](#) helpful in making these decisions.
- **Speak to your beneficiaries:** We understand the pressures that have meant that charities have limited time to engage with their beneficiaries. But organisations need to find ways to hear their views on how they are doing. This is crucial in order to know if you are having an impact, but it is also a moral imperative. This can be as simple as an online survey, a phone call or even a text, but you need to find ways to build it into your work.

### **Actions to support staff and operations**

- **Consider if staff have been equipped for new challenges:** Undertaking a broader range of activities can put staff under capacity pressure. It can also mean new skill requirements or new challenges for staff. We heard from charities whose staff had struggled with the emotional burden of new duties. Some charities have hired consultants to help with this transition. The first step for many charities is to begin by asking the question: what do people need?

Once you have figured this out, don't forget to ask your funders for support, they may be willing to have grant resources temporarily (or permanently) reallocated to support staff and the charity as a whole.

### **Actions to support financial sustainability**

- **Consider the medium to long-term funding environment:** Nobody can say for certain what will happen in the next phase of the crisis, but charities which have broadened to meet crisis-related need, and have received funding on that basis, must be aware that the crisis

will not last forever. You should plan on the basis that new activities will not be delivered in their crisis form indefinitely. Ending or transitioning these activities into day-to-day work will require thought, which can begin now.

## 2. Recommendations for charities which offered the same activities

### Actions to promote impact and mission

- **Think about the impact of digital and remote delivery:** The core activity you are undertaking may be the same, and it may even still be reaching similar numbers and kinds of people, but charities have told us that they are concerned that the activities, especially services, delivered remotely are not the same quality. Quantifying and expressing this is extremely difficult, and there may be some awkwardness in talking about it and tarnishing your digital success story. However it is important to get the issue on the agenda as soon as possible, especially if you are reliant on government contracts. We predict that commissioners and perhaps even funders will be asking if services that were forced into digital or remote delivery are now cheaper than in person services, and whether they should switch to funding remote delivery permanently. So, if there is an effect on impact, you will need evidence to make that case.
- **Speak to your beneficiaries:** Organisations which have offered the same activities still need to be engaging with beneficiaries to find out how they have adapted to remote services. There are a variety of ways to do this, so no excuses for not spending the same time you did in person engaging with them and hearing their experiences of your work.

### Actions to support financial sustainability

- **Demonstrate contribution to the crisis:** You do not need to have adopted new activities to have made a major contribution to tackling the crisis. But, with all eyes on the health and economic implications of Covid-19, there is a risk that the important role of charities delivering their normal activities can be overlooked. As the crisis continues, you should be discussing the decision not to take on new activities with your funders, be they the public, independent funders or government. Where possible, gather evidence of the increase in demand and consider whether your 'core' activity has secondary crisis tackling benefits, such as reducing loneliness.

### 3. Recommendations for charities which have delivered a narrower range of activities

#### Actions to promote impact

- **Make systematic notes of the justifications and process behind any changes you have made so you can explain them to supporters, board members and other partners:** Refocussing on 'core' needs, when possible, is a logical response to a crisis. However, to balance any changes with existing commitments. You should track the decision making process for making any changes, and the justifications for doing it, in a way that partners internally and externally can understand. This will help you to foster their trust and long-term support.
- **Where activities cannot be carried out, reflect on future direction:** Pausing services is never pleasant. It feels trite, bordering on distasteful, to present this as an opportunity. Nevertheless, for some it will be possible to pause and think about how you can prepare to best serve your beneficiaries in the coming years. Now could be the time to do big picture thinking and strategy focused work, to allow you to be even more impactful in future. This needs resourcing, so you should feel able to have this conversation with your funders.
- **Speak to your beneficiaries:** Even if you are not currently delivering services to your beneficiaries, it is still worth connecting with them if you have the time. This is key for checking on how they are coping and what support they may need. Even if you cannot offer it now, it will be key to feeding into your future planning.
- **Think about what support you can offer your peers:** Think how you can support other charities who have little capacity, expertise, or office space. Do you have expertise you can lend others? Would you consider encouraging furloughed staff to volunteer? Is there intellectual property you can share with your peers? These could all be vital in supporting others to continue serving their beneficiaries.

## Recommendations for funders

For charities to reflect, reset and better serve their community, funders need to set the foundations for them to build upon. This involves money, of course, but also time, energy and trust. Many charities are so focused on immediate needs, that they do not have the space to think of the implications of the decisions they are making now.

There are several actions funders can take to help charities consider the bigger picture:

- **Offer core and unrestricted funding:** Rather than limiting support to project funding, offer core funding to build on this vital strategic work. Even better, offer unrestricted funding to allow charities the agility to respond to a crisis like this. Now more than ever, funders need to step up and trust charities to help them be more effective.
- **Look for where you can reduce reporting burdens on your grantees:** Although some funders have shown best practice in this crisis, we heard from several interviewees that said that their staff's time was still being taken up with repetitive or redundant reporting to their supporters. Consider flexible monitoring requirements for existing grant pots as many charities have had to change what they are doing to meet urgent needs. We're particularly concerned about deadlines by which resources have to be used. While they may have been intended to support a crisis response, such limitations can leave charities feeling they have to use the resources in a sub-optimal way.
- **Consider the impact of your funding on the wider sector:** Think broader than your existing grantees. Who is not applying and how might your current processes be excluding them? [Power dynamics](#) are even more important now that many funders have stopped accepting new applications. Limiting access to your funds will have unintended consequences and should not be seen in isolation—this will have knock-on effects for the organisations who may have applied otherwise, and their beneficiaries who will not receive a service.
- **Consider the value of more creative funding pots to meet specific needs:** If possible, think creatively about how to use small pots of funding that remain available, to make a wider difference. For example, most advocacy work happens at a national level, but Covid-19 has shown how important local decisions are to how charities work. Modest funding could allow

small charities time to do crucial advocacy work, to help shape the coronavirus response in their area. Many charities have collaborated while facing up to this crisis, and small pots of funding could encourage organisations to reflect on what they've learnt, and how they can sustain these partnerships into the future—which will be necessary for building back better. Finally, for charities reflecting on the future of their model, recognise that this requires resources too, and consider supporting it.

- **Target your emergency funding to organisations based in the areas hit hardest by the crisis:** Use [NPC's interactive Covid-19 data dashboard](#) to inform your decisions.
- **Consider the balance of emergency versus 'normal' funding:** Crisis funding is important, but so is continued funding of work intended to create long-term change and to tackle the root causes of the inequalities that have been highlighted by the pandemic. How is your funding approach strengthening those you fund for the longer term?
- **Think more than grants:** Consider what extra networks, capacity, skills or intellectual property you can offer your existing grantees now, particularly if you are not in a position to offer further funding.
- **Recognise and celebrate the good work charities have been doing in this time:** The charity sector needs cheerleaders. The lack of understanding of the impact that charities have was reflected in the comparatively small [emergency funding package](#) received by the sector. As a funder, you can help combat this lack of understanding by using your networks to speak up about the work your grantees are doing to support people through this crisis.

## Recommendations for local and national government

Many of the charities we spoke to told us what they wanted to see from policymakers. We have reproduced those messages here, along with our own recommendations on how their asks could be achieved.

- **Give clear Covid-19 guidance:** Beyond funding, the single most important thing the government can do to help charities plan their response to Covid-19 related need is to be clearer on guidance. We understand that some change is inevitable, but bringing charities and local government into the decision-making process, and informing them of decisions at an earlier stage, will go a long way to combating this problem. Uncertainty prevents charities from planning for the future. Uncertainty means charities cannot prepare services for beneficiaries. Uncertainty wastes time and resources, which charities simply do not have.

Of course, a single set of guidance 'for charities' is impossible, intersecting as they do many different aspects of life. But the government must consider how its advice on specific subjects (such as social distancing) and on specific areas (such as schools or prisons) might impact the work charities do. Charities must be brought into the decision-making process.

- **Make more buildings and spaces open to charities:** One of the main barriers small charities are facing at the moment is a lack of space to deliver services in a socially distanced way. Some councils own property which is currently unused or underused. By acting flexibly and making available space open for use by local charities, local government can do a lot to ensure vulnerable people in their community continue to receive the help they deserve.
- **Recognise and support the impact charities have:** The charities we spoke to generally felt that government did not value them or the work they had been doing during the crisis. This primarily applied to national government, which is several layers removed from the frontline work of many of the charities we spoke to, but in light of the new collaborations formed in the emergency response, local government also needs to ensure that it is recognising the role of charities. Of course, not all charities are as effective as others, and government has to make difficult decisions, but those charities that can demonstrate the value of their work deserve statutory support.

If, as seems likely, there is to be recognition of the role of various people and groups who rose up to face this crisis, then charities must be included. Smaller charities who can evidence their impact well and those whose causes may at first glance not seem 'coronavirus-relevant' must not be overlooked. Official recognition would be a positive step, but what effective charities really need is funding. We would urge government to listen to charities, look at their evidence of impact, and when it is clear, support them to keep delivering.

# Methodology

This qualitative research was based on three elements. The first element was 13 interviews conducted via Zoom with charities from across the UK, randomly selected using Charity Commission data.

The second was [an online survey](#) on these questions for charity leaders, which ran from 6<sup>th</sup> July to 26<sup>th</sup> November. It had 67 respondents.

The final element was a focus group with 12 attendees. The attendees were from charities, funders and sector infrastructure bodies. It was held on 16 September.

This research builds on quantitative findings from our [State of the Sector 2020](#) survey, released in March this year, for which we commissioned [Savanta Comres](#) to interview 300 randomly selected charity leaders on their opportunities, strengths and challenges.

We would like to extend our thanks to everyone who participated in our research.

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